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ELECTRONIC DATA-PROCESSING PROGRAMME

Report by the Director-General

Summary

Updates to 31 May 1994 the information provided in document IDB.12/7, in compliance with General Conference decision GC.4/Dec.18, paragraph (h).

1. In compliance with General Conference decision GC.4/Dec.18, in document IDB.12/7 information was provided to the Industrial Development Board at its twelfth session regarding the status of action taken as of 31 December 1993 with respect to the recommendations of the External Auditor (GC.4/48 and Corr.1) and of Touche Ross Management Consultants (GC.4/CRP.1) as well as on the cost of the electronic data-processing programme implementation and contractual commitments. The present report provides an update of annexes III and IV to that document as of 31 May 1994. Annexes I and II to that document remain valid, since no major developments have occurred since its issuance.

2. Negotiations for a facilities management agreement with the International Atomic Energy Agency (IAEA), which were mentioned in paragraph 3 of document IDB.12/7, have been concluded. The agreement was signed on 29 March 1994. Under the provisions of that agreement, commencing 1 April 1994 for a period of four years, IAEA will provide UNIDO with a combination of facilities management services, computer processing capacity and applications development support to supplement UNIDO's own applications development activity. Computer processing capacity will be provided by the IAEA computer, partitioned and strengthened to provide the processing power needed by UNIDO, and complemented by the peripherals currently in use by the Organization. As a consequence, UNIDO exercised the buy-out option for the peripheral equipment under lease with IBM and moved that equipment to the IAEA data centre. The central processing unit, currently under lease from IBM, will be returned at the expiration of the lease on 30 June 1994. The IAEA flat fee for 1994 includes processing capacity, facilities management and software costs. The fee for applications development support is based on the standard internal programmer-day rates of IAEA. A briefing to Permanent Missions to UNIDO on these issues took place on 4 May 1994.

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Annex III

COST OF 1994-1995 BIENNIUM IMPLEMENTATION, AS AT 31 MAY 1994

(In US dollars at US$ 1 = AS 12.90)

	1994 allotments	Disbursements 01/01/94-31/05/94	Obligations	Expenditure (2 + 3)	Balance (1 - 4)
	(1)	(2)	(3)	(4)	(5)
Staff costs	2,056,600	760,073	15,115	775,188	1,281,412
Income	(133,800)	(60,350)	-	(60,350)	(73,450)
Mainframe					
Hardware	2,440,000	1,152,445	1,143,663	2,296,108	143,892
Software	171,000	151,514	19,173	170,687	313
Operation and maintenance	1,459,000	344,796	1,098,377	1,443,173	15,827
Office automation					
Hardware	240,000	79,849	2,856	82,705	157,295
Software	165,000	930	-	930	164,070
Maintenance	165,800	59,519	90,568	150,087	15,713
Other					
Supplies and materials	206,300	27,488	142,473	169,961	36,339
Network	305,000	9,469	128,523	137,992	167,008
External computer costs	30,000	2,409	27,242	29,651	349
Training	140,200	13,938	105,062	119,000	21,200
Consultancy support	58,200	-	-	-	58,200
Miscellaneous costs	5,000	1,412	-	1,412	3,588
Income	(197,800)	-	-	-	(197,800)
TOTAL	7,110,500	2,543,492	2,773,052	5,316,544	1,793,956

Notes:

1. Allotments represent the 1994 regular budget and operational budget appropriations, excluding reserves of $1,281,400.

2. Obligations include contractual commitments for 1994.

Annex IV

CONTRACTUAL COMMITMENTS, JANUARY-MAY 1994

(In US dollars at US$ 1 = AS 12.90)

Contract number	Supplier	Description	Period	1994	1995	1996	1997	Total
94/267	Gammag	Maintenance of Wang VS system	01/01/94-31/03/94	15,504	-	-	-	15,504
94/268	Rank Xerox	EPIC & HFDL software maintenance	01/01/94-31/03/94	736	-	-	-	736
94/269	General Electric	Geisco Service	01/01/94-31/12/94	11,628	-	-	-	11,628
94/270	PTT	Rental line 2308197	01/01/94-31/12/94	194	-	-	-	194
94/271	PTT	Rental datex-P line	01/01/94-31/12/94	19,690	-	-	-	19,690
94/272	Radio Austria	Rental & usage - line 2329 11000607	01/01/94-31/12/94	2,326	-	-	-	2,326
94/273	Radio Austria	Rental of line 2329 11001734	01/01/94-31/12/94	1,163	-	-	-	1,163
94/274	Radio Austria	Rental of line 2329 11001850	01/01/94-31/12/94	155	-	-	-	155
94/275	PTT	Olivetti PCs Rental of line 238348	02/01/94-31/12/94	388	-	-	-	388
94/276	PTT	Rental of line 2307584	01/01/94-31/12/94	12,403	-	-	-	12,403
94/277	PTT	Telerate line 243680	01/01/94-31/12/94	1,163	-	-	-	1,163
94/278	Rank Xerox	Maintenance printer X4090	01/01/94-31/12/94	31,395	-	-	-	31,395
94/279	Rank Xerox	Maintenance printer X4050	01/01/94-31/12/94	19,792	-	-	-	19,792
94/280	IAEA	Maintenance of LTCs	01/01/94-31/03/94	1,938	-	-	-	1,938
94/281	University of Vienna	EARN participation	01/01/94-31/12/94	7,442	-	-	-	7,442
94/282	Rank Xerox	Printing costs - printer X4090	01/01/94-31/12/94	33,371	-	-	-	33,371
Balance carried forward				159,288	-	-	-	159,288

Annex IV (continued)

Contract number	Supplier	Description	Period	1994	1995	1996	1997	Total
Balance brought forward				159,288	-	-	-	159,288
94/283	Share Europe	Membership fee 1994	01/01/94-31/12/94	1,426	-	-	-	1,426
94/284	SAS	SAS Base system and utilities	01/01/94-30/04/94	15,992	-	-	-	15,992
94/285	ICC	Computer usage	01/01/94-31/12/94	25,000	-	-	-	25,000
94/286	IBM	Software maintenance for Token Ring	01/01/94-31/03/94	3,833	-	-	-	3,833
94/287	IAEA	Computer usage	01/01/94-31/12/94	4,651	-	-	-	4,651
94/288	EDV Software	ADABAS maintenance	01/01/94-31/03/94	15,683	-	-	-	15,683
94/289	Computer Associates	CA-1 copycat software maintenance	01/01/94-31/03/94	814	-	-	-	814
94/290	APT	OLIVER software maintenance	01/01/94-31/03/94	1,720	-	-	-	1,720
94/291	EVN	SECURITREE software maintenance	01/01/94-31/03/94	1,395	-	-	-	1,395
94/292	Computer Associates	CA-LIBRARIAN software maintenance	01/01/94-31/03/94	6,100	-	-	-	6,100
94/293	Candle	OMEGAMON software maintenance	01/01/94-31/03/94	4,942	-	-	-	4,942
94/294	Management Data Wang	Leasing PCs plus buy-out	01/01/94-28/02/94	17,688	-	-	-	17,688
94/298	Rank Xerox	Printing costs - printer X4050	01/01/94-31/12/94	25,619	-	-	-	25,619
94/299	IBM	Facilities Management	01/01/94-31/03/94	312,682	-	-	-	312,682
94/300	Rank Xerox	Maintenance and repair of peripherals	01/01/94-31/12/94	15,504	-	-	-	15,504
94/301	Telerate	Financial Market Information	01/01/94-31/12/94	10,078	-	-	-	10,078
94/302	IBM	Software licence	01/01/94-31/03/94	122,333	-	-	-	122,333
94/303	Gammag	Maintenance and repair of peripherals information	01/01/94-31/12/94	10,900	-	-	-	10,900
94/307	IBM	Mainframe lease	01/01/94-30/06/94	2,215,200	-	-	-	2,215,200
94/310	Compuware	ABEND-AID software maintenance	01/01/94-31/03/94	1,281	-	-	-	1,281
Balance carried forward				2,972,129	-	-	-	2,972,129

Annex IV (continued)

Contract number	Supplier	Description	Period	1994	1995	1996	1997	Total
Balance brought forward				2,972,129	-	-	-	2,972,129
94/311	Polst	Cabling floor D-22	1994	45,363	-	-	-	45,363
94/313	Radio Austria	Dial-up position for Treasury	01/01/94-31/12/94	1,363	-	-	-	1,363
94/315	IAEA	Facilities Management	01/04/94-31/12/97	1,025,293	1,443,612	1,524,455	1,609,824	5,603,184
94/320	IBM	Maintenance of mainframe	April 1994	19,101	-	-	-	19,101
94/329	Prager Consult	Computer-related training	1994 and 1995	119,000	119,000	-	-	238,000
94/339	IBM	Maintenance for Token Ring software	April 1994	1,278	-	-	-	1,278
94/340	IBM	Software licence	April 1994	40,778	-	-	-	40,778
				4,224,305	1,562,612	1,524,455	1,609,824	8,921,196

Abbreviations

CPU - Central processing unit
LTC - Local terminal controller
PC - Personal computer

cooperated on a voluntary basis in these measures, which are resulting in substantial economies in the use of official travel funds. During the period 1 January to 30 April 1994, savings from this initiative amounted to approximately 20 per cent of the ticket cost in the regular budget, which would be available for additional travel for programmes on which emphasis is being placed;

(b) The current quarterly travel plans will be replaced by monthly travel plans. The procedures have been clearly defined and simplified. The approval authority will rest primarily with the Managing Directors. This will result in more accurate travel planning, reduction of ad hoc travel, as well as cost savings to the Organization by means of advance bookings and other measures;

(c) Through proper in-house coordination it is expected that effectiveness of the missions will be increased by optimizing both human and financial resources;

(d) Obligations and claims for reimbursement of costs will be more closely adjusted to the actual expenditures incurred by staff members. Adjusted claim procedures will lead to reduced travel costs.

Home leave travel

3. In Industrial Development Board decision IDB.12/Dec.4 the Director-General was requested, within the framework of overall cost-cutting efforts, to review the current arrangements for implementing the system of home leave entitlements of UNIDO staff, taking into account the relevant recommendations of the External Auditor, the conclusions of the internal Task Force on Rationalization of Expenditures and Cost Reduction, the opinions of the Staff Council and the parameters of the common system of the United Nations.

4. The Board also requested the Director-General to report to the Programme and Budget Committee on the implementation of the action required in that decision, and to make appropriate amendments to the relevant Staff Rules of UNIDO at the latest by 1 January 1995. An interim report on the subject is contained in the annex to the present document.

II. ELECTRONIC DATA PROCESSING

5. A new agreement was entered into with the International Atomic Energy Agency (IAEA) for the management of UNIDO's mainframe computer facilities, with effect from 1 April 1994. By outsourcing the provision of these services to IAEA, UNIDO will be able to utilize approximately $1.36 million in the budget for the 1994-1995 biennium for EDP non-staff costs on services essential to providing efficient and up-to-date computer systems. The specific services foreseen include:

(a) Setting up an appropriate infrastructure for distributed processing;

(b) Preparing for the introduction of the United Nations Integrated Management Information System (IMIS);

(c) Improving electronic communications with the field;

(d) Facilitating access to external databases and making UNIDO databases more easily available to Member States;

(e) Reinforcing support to end-users;

(f) Providing additional support for applications development staff to achieve a higher level of quality assurance in the development and enhancement of computer applications.

6. Each of these measures, once implemented, will substantially reduce the communication costs of the Organization and otherwise increase the efficiency of its operations, yielding additional savings and cost reductions.

7. A detailed, informal briefing on this subject was given to Permanent Missions to UNIDO in Vienna on 4 May 1994.

III. ELECTRONIC BANKING

8. In an effort to modernize communications and increase efficiency, UNIDO is in the process of introducing electronic banking in its communications with the two banks located in the Vienna International Centre (VIC).

9. In the case of United States dollar and Austrian schilling bank transfers to be effected by these banks, UNIDO at present sends bank lists in paper form, together with covering cheques, to the banks concerned. The banks then execute payments according to the instructions received. The introduction of electronic transfer of payment instructions from UNIDO to these banks will improve efficiency by:

(a) Abolishing duplicate data entry at banks, and thus substantially reducing errors;

(b) Speeding up bank transfer processing;

(c) Reducing bank charges;

(d) Improving cash management of surplus balances.

10. Under electronic banking, as soon as the payments have been cleared, the banks will send UNIDO an electronic file, i.e. a diskette, showing all transactions carried out. This procedure will introduce a higher degree of automation to various functions carried out by Financial Services at UNIDO, particularly in the very labour-intensive work associated with the reconciliation of these large bank accounts.

11. Initial analysis has been carried out by the Administration. Both banks have indicated their strong desire and readiness to cooperate in this exercise and full implementation of electronic banking with these two banks is expected by the end of 1994. The resulting increased efficiency will sharply reduce the manual processing of transactions in the Treasury

and Accounts and Payments Units which are currently understaffed.

IV. BUILDINGS MANAGEMENT SERVICES

12. During 1993, in the course of approving the UNIDO budget for the 1994-1995 biennium, the budget for Buildings Management Services was reduced from the proposed original level of $41.3 million to $38.1 million (gross) - a reduction of $3.2 million, or approximately 8 per cent of the gross budget. UNIDO's share in this reduction is approximately $1 million. The contribution of the Buildings Management Services towards real reductions in regular budget resources was larger than that of any other single programme.

13. Despite these restrictions, at the beginning of 1994, it was decided, as part of the holdback of appropriations for cash flow reasons, that the authority to spend against this budget in 1994 should be withheld to the extent of $1.8 million, of which UNIDO's share would be some $600,000. Assuming that a similar withholding were to be made in 1995, this would mean that savings would be expected to be made, by deferment of programmes or other cost reduction measures, of approximately $3.6 million (9.4 per cent) out of the already reduced budget of $38.1 million. On the assumption that actual cash flow will permit the release of these holdbacks, as mentioned in chapter V below, it is proposed to utilize these savings, in part, for the acquisition of a new telephone system for UNIDO in the VIC complex.

V. TELEPHONE SYSTEM

14. The present telephone system used by UNIDO was installed by the Austrian Government in 1979 as part of the construction of the VIC complex. The system has become technically obsolete, increasingly difficult to maintain, and lacks many features that would be available in a more modern system. The need to replace the existing system has, therefore, become urgent. The current system cannot adequately cope with the Organization's requirements. UNIDO proposes to finance the acquisition of a new system out of UNIDO's existing budgetary resources.

15. The new system would be installed in phases, beginning in 1994 with the installation of a central unit and an initial number of new telephone sets, and subsequently extending the system to all users through the purchase of further new telephone sets in the following one or two years. A preliminary estimate of the costs in 1994 of initial installation is approximately $600,000. The additional cost of extending the system throughout the Organization is estimated to be approximately $500,000.

16. The features of such a new digital system that the existing system does not have could include the following:

(a) Detailed, automatic reporting of all outgoing calls, identifying the caller and the time, duration, destination, and cost of each call. This would greatly facilitate the proper identification of personal, as opposed to business calls, and the appropriate source of funding for calls made. A charge-back system could then be introduced which would significantly reduce the burden on the regular budget;

(b) Direct dialing for all calls. At present, with the exception of some phones installed for key officials, all long distance calls have to be placed through a switchboard operator. A new system would reduce the need for switchboard operator staff, jointly financed with the United Nations Office at Vienna (UNOV), from the current staff of five to three persons;

(c) A voice mail box, where messages could be left, thus obviating the need for staff to cover telephones at all times;

(d) Call forwarding, enabling calls to be automatically directed to another number, automatic re-dialing, speaker phones and conference calls, all of which would help greatly to increase the efficiency of UNIDO communications;

(e) Other system administration features, including security functions such as restricting the use of phones to particular types of calls through the use of access codes;

(f) An option for UNIDO is to link up with the existing UNOV telephone system, enabling UNIDO to have access, at minimal cost, to the United Nations world-wide communication network, including the direct lines that the United Nations has established with Bangkok, Geneva, New York, Paris and Santiago.

17. As the above features indicate, the introduction of a new telephone system in UNIDO would bring about a significant improvement in efficiency as well as savings in communications costs.

18. It should be noted that IAEA has advised its Board of Governors (GOV/INF/735 of 1 April 1994) of its intention to acquire a new telephone system in stages beginning in 1994. UNIDO intends to explore the possibility of carrying out this exercise together with IAEA, which would provide greater negotiating leverage with potential suppliers and furthermore ensure complete compatibility between the two organizations.

19. The financing of costs for the new telephone system under the approved regular budget for the 1994-1995 biennium would have to be done through the funds appropriated for Buildings Management Services. In order to accommodate the requirements of UNIDO and IAEA in this respect, it would be necessary to utilize part of the $1.8 million presently withheld from the 1994 appropriation (see para. 13 above).

VI. REVISION OF COST-SHARING FORMULA

20. Following the UNIDO restructuring and staff reduction programme, it is anticipated that some of the office space currently occupied by UNIDO could be transferred to UNOV and/or IAEA. It has been agreed with the Executive Heads of those organizations that the present cost-sharing formula, under which the budget costs of the Buildings Management Services are apportioned between the three Vienna-based organizations, will be adjusted to take account of such changes. This would result in a reduction in the UNIDO share of that budget.

Annex

HOME LEAVE ENTITLEMENTS

1. The present annex constitutes an interim report on the above subject in response to paragraphs (c) and (d) of Industrial Development Board decision IDB.12/Dec.4 on further cost-cutting measures.

2. The entitlement to home leave is stipulated in staff regulation 7.3, and is further elaborated in staff rule 107.03 and appendices F and G to the staff rules.

3. As stipulated in rule 107.03, the purpose of home leave is to enable staff members to maintain an effective association with the culture of their home country, to keep up their professional interests and to renew their family and personal ties. Home leave also serves the interest of the Organization, in that it allows staff members to maintain national ties and interests, thus contributing to the international and representative character of the Organization.

4. Further, in accordance with that staff rule, staff members who are regarded as internationally recruited under staff rule 103.07 and who are serving outside their home country shall be entitled once every two years of qualifying service to visit their home country, together with their eligible dependants, at the Organization's expense.

5. The normal mode of transportation for all official travel is by air. In connection with home leave travel, the staff rules state that staff members and their eligible family members shall be provided with transportation at the least costly air fare structure regularly available or its equivalent.

6. The administrative procedures involved in organizing home leave travel include the preparation of travel authorizations, financial certification, selection of mode and route of travel, verification of travel arrangements with staff members, processing of travel claims and reviewing financial obligations and disbursements.

7. In an effort to reduce this administrative burden, and to allow the staff more flexibility in their travel arrangements, a lump-sum option was introduced by UNIDO in 1987, whereby staff members receive in cash 80 per cent of the air fare entitlement as well as excess baggage allowance and terminal expenses. Staff members are then responsible for making their own travel arrangements, thus relieving the Organization of much of the administrative procedures described in paragraph 6 above.

8. In accordance with the staff rules, the basis for calculating the lump sum is the least costly airfare structure regularly available or its equivalent at the time the travel is undertaken. In practical terms this has meant air-excursion fares or their equivalent whenever available, and the full air-economy fares only when the former are not available. A recent survey by UNIDO of the air fare basis used for staff availing of the lump-sum option in 1993 for example, showed that the air-excursion basis for calculating the lump sum accounted for 61 per cent of the home leave travel and the air-economy basis for only 39 per cent.

9. Since its introduction, the lump-sum option has been availed of by up to 80 per cent of the staff and has resulted in significant savings for the Organization. In terms of travel-related costs alone, it is estimated that the Organization has saved almost $1.2 million since the scheme was introduced in June 1987 up to 31 December 1993.

10. Savings and administrative efficiency with the lump-sum option have also been reported by the International Atomic Energy Agency (IAEA), which introduced its scheme in 1985.

11. The consultations with the staff on the home leave arrangements, which had been initiated within the purview of the Joint Advisory Committee, have continued. The discussions have encompassed various cost-control elements concerning the basis for the lump-sum calculation. While staff representatives have demonstrated a cooperative and constructive attitude to cost saving measures, they view any changes in the present arrangements with some concern.

12. Consultations have taken place between the Director-General and the Directors-General of IAEA and the United Nations Office at Vienna (UNOV). As a result of these consultations, it was decided that harmonization would be sought in the application of the home leave entitlement for Vienna-based staff and particularly between the two specialized agencies, IAEA and UNIDO. This decision was reached in the light of requests made by the Member States of both those agencies to review the current arrangements for implementing the home leave entitlement within the framework of overall cost-cutting efforts.

13. Consequently, it was agreed that IAEA and UNIDO will conduct a joint study to determine the most economical way of administering the home leave travel entitlement. In addition to the parameters stipulated in Industrial Development Board decision IDB.12/Dec.4, the study will examine such factors as the characteristics of the local air fare market, the pattern of travel of Vienna-based staff and the seasonal trends in air travel and associated fare structures.

14. In response to the request contained in decision IDB.12/Dec.4 to make appropriate amendments to the staff rules by 1 January 1995, the Director-General will ensure that any changes in the arrangements for home leave travel will be consistent with the entitlement to such travel and with the United Nations Common System of Salaries, Allowances and Benefits.